

Introduction to WSDOT Ferries Division

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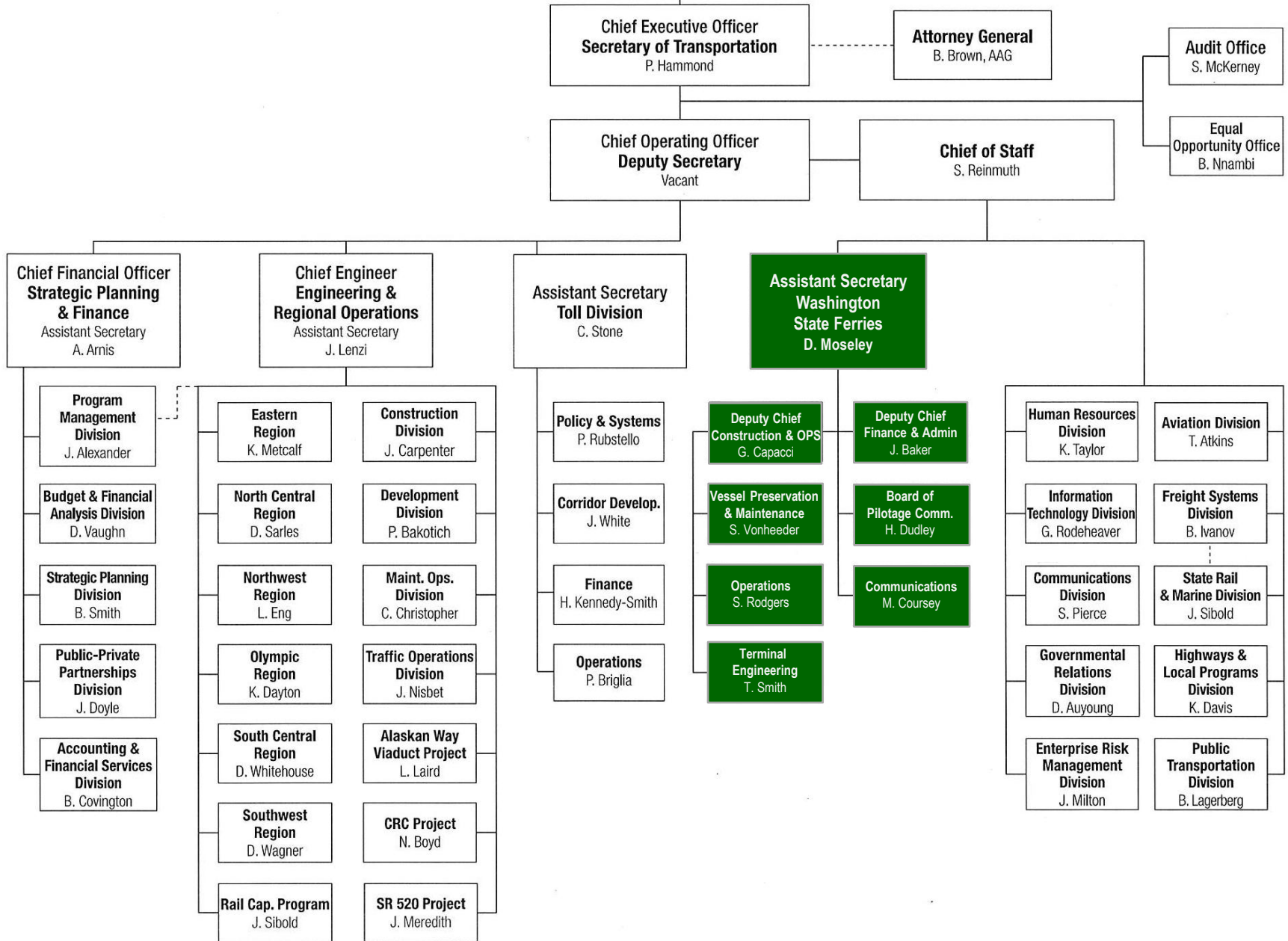
House Transportation Committee
January 21, 2013



**Washington State
Department of Transportation**

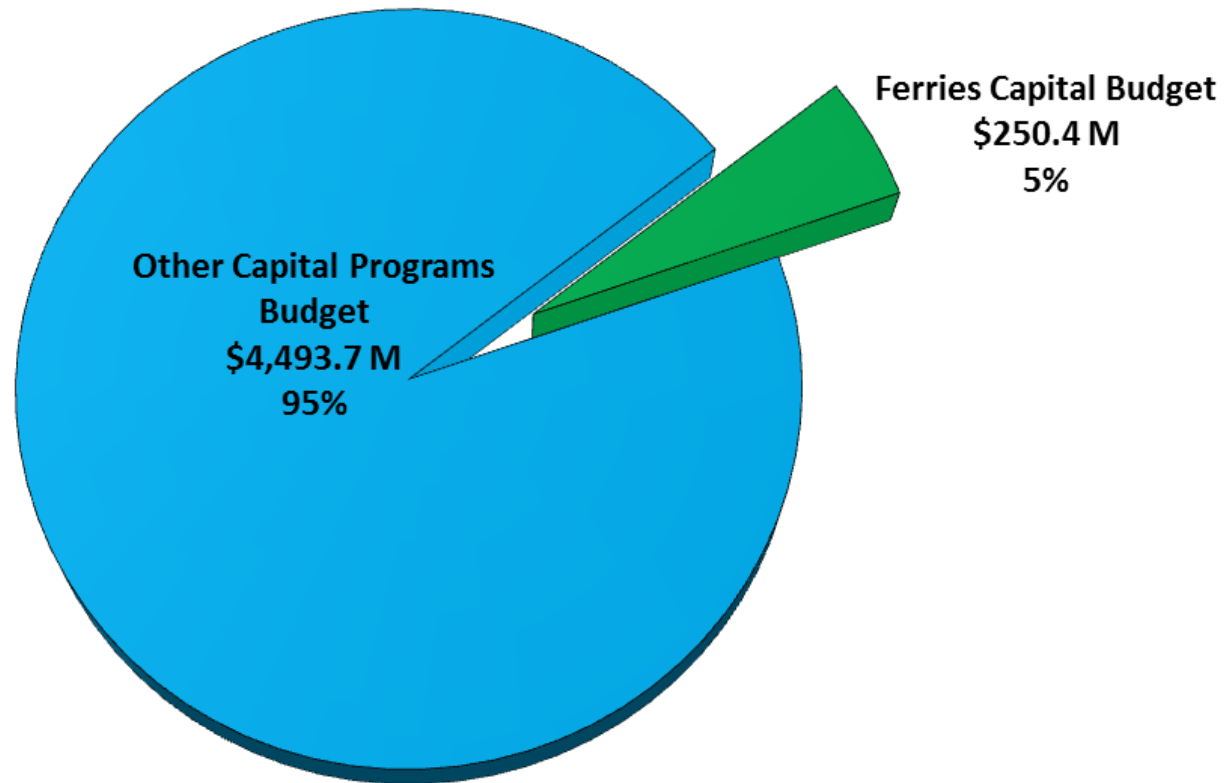


**Citizens of Washington State
Governor Jay Inslee**



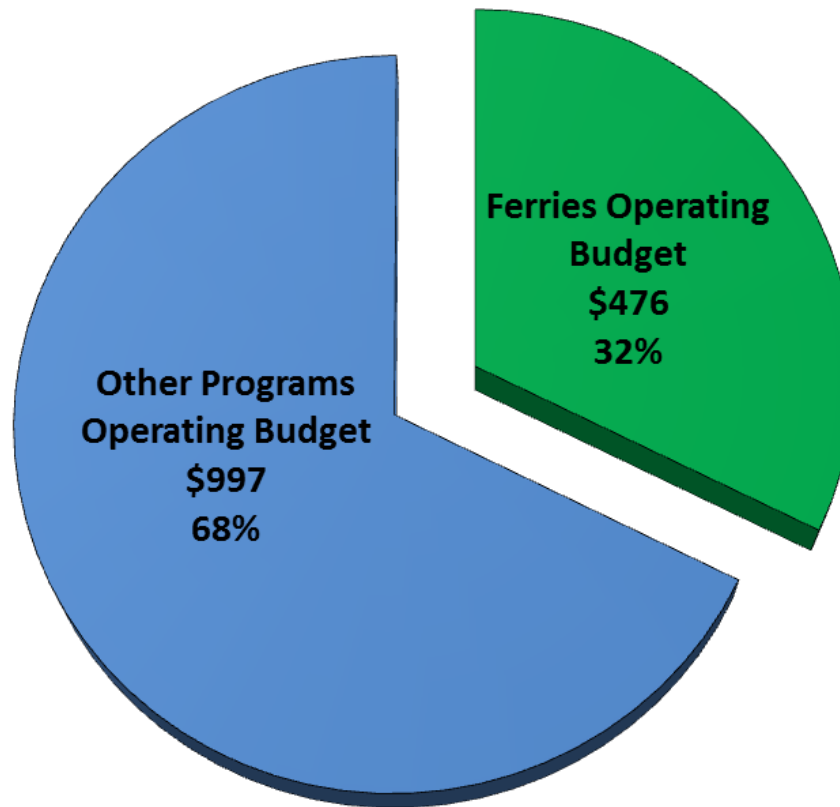
WSF Portion of WSDOT Capital Budget

WSF Capital Budget Compared to Other Capital Programs Budget
Governor's 2013-15 Budget Proposal
Total Capital Budget \$4.7 Billion



WSF Portion of WSDOT Operating Budget

**WSF Operating Budget and Other Transportation Operating Programs
Governor's 2013-15 Budget Proposal
Total Operating Budget \$1.5 Billion**



WSF Overview

- System overview
- World leader
- Many things, to many people
- Route characteristics
- WSF fleet
- Ferry capacity
- Performance measures

System Overview

- More than 22 million riders per year
- 10 million vehicles carried per year
- Fleet of 23 auto-passenger ferries, 34-cars to 202-cars
- 20 terminals on 10 routes
- 450 departures per day
- 1800 employees
- Nine unions and 11 collective bargaining agreements



World Leader

- Largest system in the United States
- Fourth largest carrier of passengers in the world
- Largest carrier of vehicles in the world



Many Things, To Many People

- Marine highway
- Transit agency
- Link in region's multimodal connections
- Mover of freight and goods
- Tourist attraction



Route Characteristics

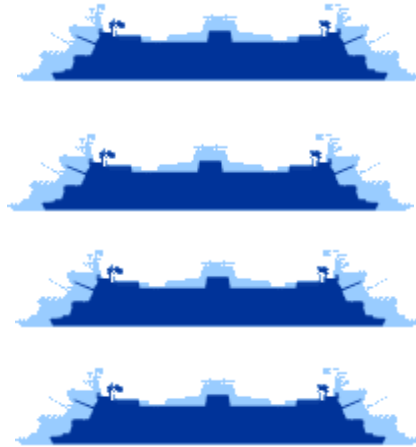
Route	Commuter	Tourist	Island link	Commercial
Anacortes/Sidney		✓		
Anacortes/San Juan Islands		✓	✓	✓
Port Townsend/Coupeville		✓	✓	✓
Mukilteo/Clinton	✓	✓	✓	✓
Edmonds/Kingston	✓	✓		✓
Seattle/Bainbridge Island	✓	✓		
Seattle/Bremerton	✓	✓		
Fauntleroy/Vashon/Southworth	✓		✓	✓
Point Defiance/Tahlequah	✓		✓	

WSF Fleet

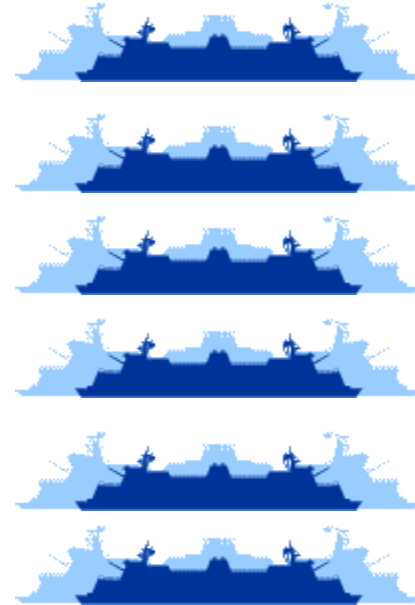
Jumbo Mark II



Super Class



Issaquah Class



Jumbo Class



Rhododendron



Evergreen State



Hiyu



Kwa-di Tabil Class



Performance Measures Report FY12

- Established by Legislature to ensure transparency and accountability.
- Essential tool to evaluate WSF.
- WSF met or exceeded 15 of the 17 measures.
- WSF is the safest and most reliable ferry system in the world.

WSF Financial Overview

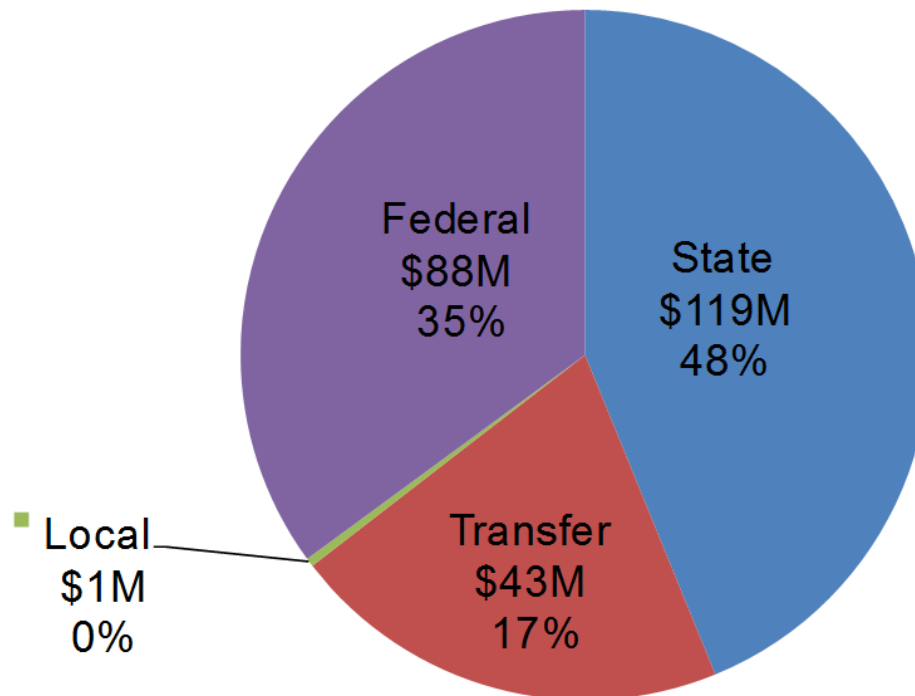
- Revenue sources
- Fare increases and ridership
- Farebox recovery rates
- 2011-13 and 2013-15 Budgets

WSF Capital Revenue Sources

FY13-15 Revenue

(rounded in millions)

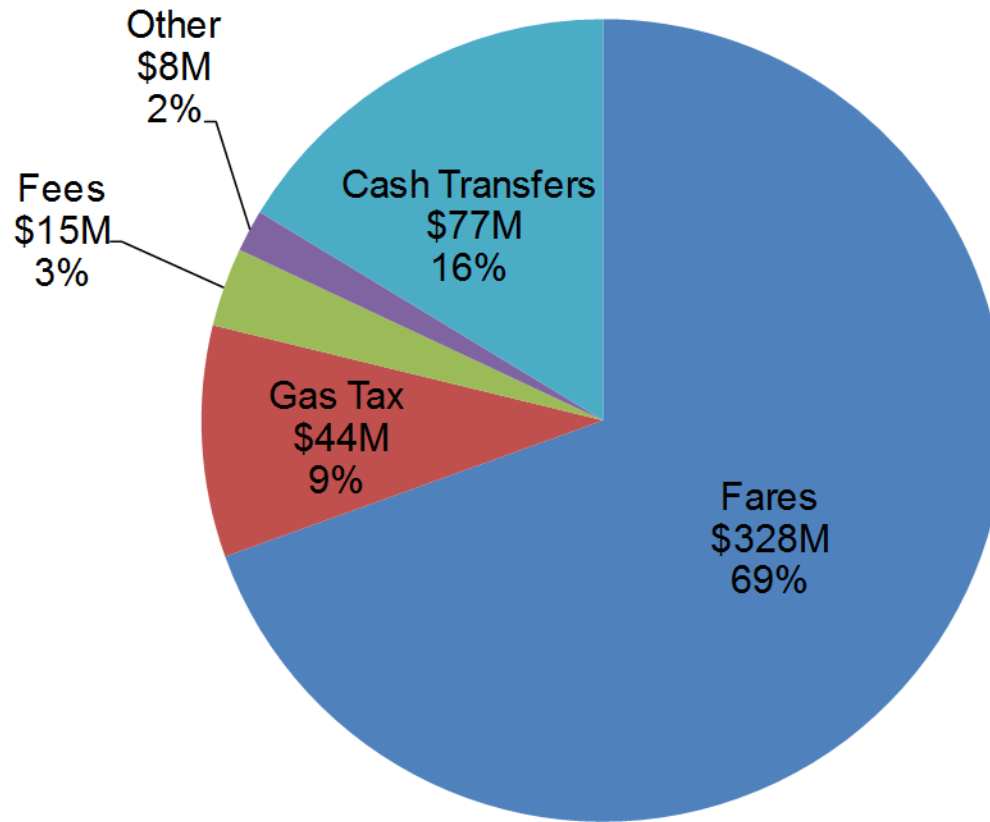
\$250 Million



WSF Revenue for Operations

FY13-15 Revenue (rounded in millions)

Total \$473 Million



Fare Increases and Ridership

Calendar Year	Fare increase	Ridership
1999	4.4%	26,821,231
2000	0.0%	26,701,706
2001	20.0%	26,109,530
2002	12.5%	25,141,467
2003	5.0%	24,376,276
2004	5.0%	24,092,336
2005	6.0%	23,817,366
2006	6.0%	23,937,546
2007	2.5%	23,709,097
2008	0.0%	22,732,794
2009	2.5%	22,737,710
2010	0.0%	22,451,404
2011	(2) @ 2.5%*	22,230,041
2012	3.0%	22,201,496 Preliminary

*Plus 25 cents per ticket to support construction of the 144-car vessels

Farebox Recovery Rates FY 2012

Percentage	Route
98.7	Seattle/Bainbridge Island
95.5	Edmonds/Kingston
88.3	Mukilteo/Clinton
63.0	Anacortes/Sidney B.C.
52.3	Fauntleroy/Vashon/Southworth
45.1	Seattle/Bremerton
44.7	Point Defiance/Tahlequah
44.2	Anacortes/San Juan Islands (domestic)
39.3	Port Townsend/Coupeville
66.2	All Routes

WSF 2011-13 Budget

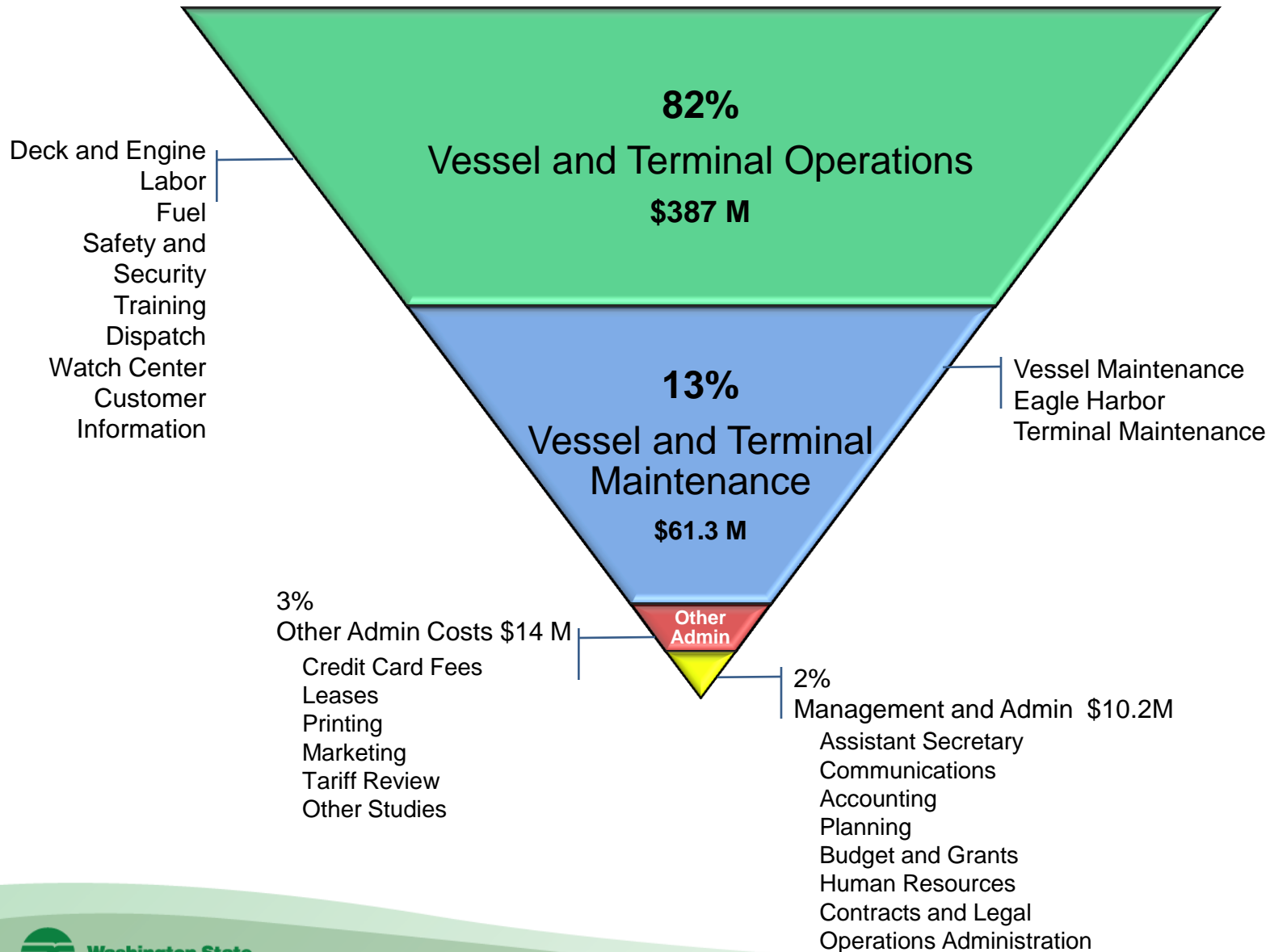
Operating \$475 million

Capital \$328 million

Total \$803 million

Planned cash transfer of \$132.5 million to ferries
from other transportation accounts during 2011-
2013 biennium

WSF 2011-13 Operating Budget - \$475 M



WSF 2013-15 Budget

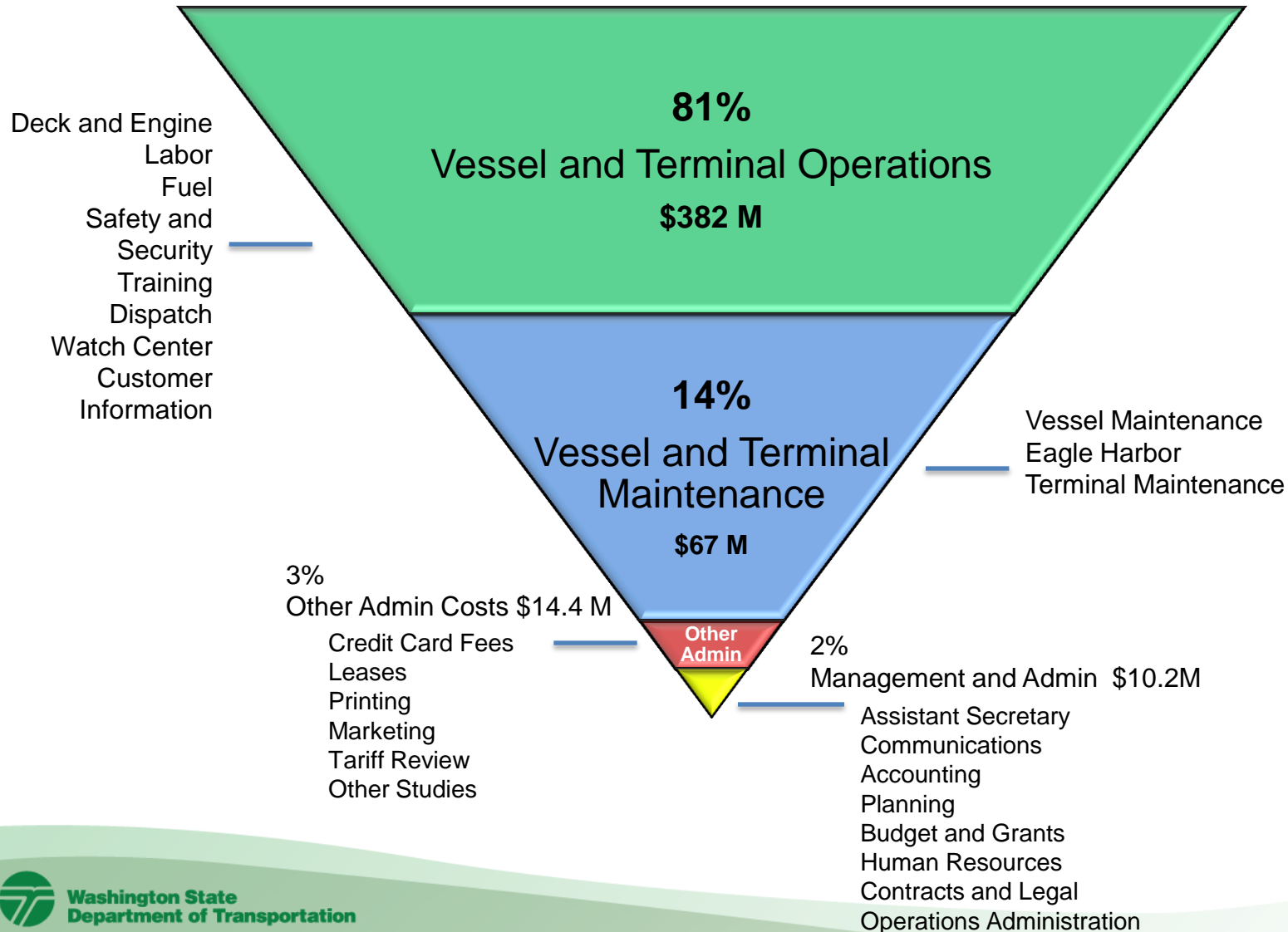
Operating \$476 million

Capital \$250 million

Total \$726 million

Planned cash transfer of \$120 million to ferries
from other transportation accounts during 2013-
2015 biennium

WSF 2013-15 Operating Budget - \$476 M



WSF Challenges

- Financial
- Vessel staffing
- Aging fleet
- Capital program
- Fuel costs

Financial Challenges

- Loss of Motor Vehicle Excise Tax in 1999, 20% of operating support and 75% of dedicated capital funds. Response:
 - Fare increases
 - Service Reductions } With resulting loss of ridership
- Cash transfers and other support of more than \$1 billion from other transportation accounts
- Rising cost of fuel; 10 percent of operating budget in 2000, 30 percent in FY11-13
- Aging vessels and terminals with preservation needs

Transfer Sources are Constrained

Account Balance Summary (in thousands)	11-13 Projected	13-15 Projected	15-17 Projected	17-19 Projected	19-21 Projected	21-23 Projected	23-25 Projected
Ending Balances - FY2013-2015 Governor's Proposed Budget							
<u>108 Motor Vehicle Account</u>							
Beginning	38,895	13,985	3,352	4,149	7,967	(32,766)	(85,952)
Ending	13,985	3,352	4,149	7,967	(32,766)	(85,952)	(235,559)
<u>550 Nickel Account</u>							
Beginning	149,663	5,275	45,097	48,576	49,365	56,808	59,088
Ending	5,275	45,097	48,576	49,365	56,808	59,088	60,673
<u>09H Transportation Partnership Account</u>							
Beginning	435,445	56,038	59,153	32,582	24,539	35,112	40,278
Ending	56,038	59,153	32,582	24,539	35,112	40,278	41,114
<u>218 Multimodal Account</u>							
Beginning	56,467	28,058	1,766	58,620	125,449	195,501	265,285
Ending	28,058	1,766	58,620	125,449	195,501	265,285	346,515
<u>215 Special Cat. C Account</u>							
Beginning	5,034	622	275	(2,210)	(4,766)	(4,022)	13,659
Ending	622	275	(2,210)	(4,766)	(4,022)	13,659	42,596
<u>099 Puget Sound Capital Construction Account</u>							
Beginning	9,753	5,739	343	(48,977)	(98,384)	(143,446)	(193,783)
Ending	5,739	343	(48,977)	(98,384)	(143,446)	(193,783)	(769,471)
<u>109 Puget Sound Ferry Operations Account</u>							
Beginning	23,085	9,401	899	(90,897)	(188,306)	(280,307)	(370,090)
Ending	9,401	899	(90,897)	(188,306)	(280,307)	(370,090)	(458,540)
<u>106 Highway Safety Account</u>							
Beginning	9,492	10,259	1,623	99,612	180,331	265,318	361,124
Ending	10,259	1,623	99,612	180,331	265,318	361,124	452,107

Annual Cost Savings

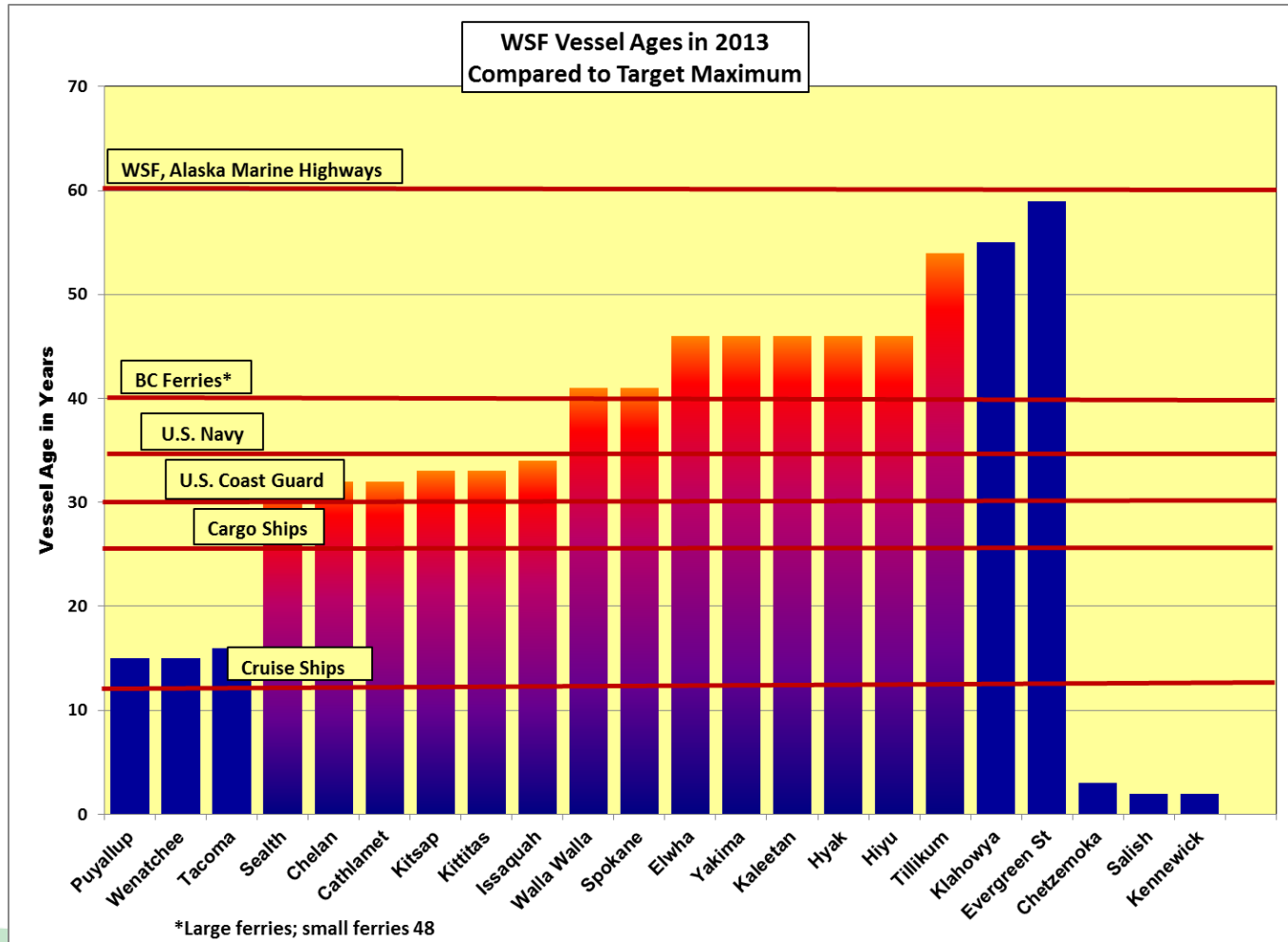
Reduction	Millions of Dollars
Consultants and studies	\$ 16.4
Staff cuts	\$ 4.0
Maintenance and operations	\$ 3.2
Life cycle cost model and capital administrative support	\$ 7.1
Labor cost savings	\$ 5.7
Total Annual Savings	\$ 36.4

Vessel Staffing

- U.S. Coast Guard (USCG) issues certificate of inspection (COI) for each vessel
- COI dictates vessel crew size
- USCG has recently issued new COIs for some vessels
- New COIs have increased vessel staffing levels
- Increased vessel staffing levels means it costs more to operate the system

Aging Vessels

Average age of WSF vessels is 33 years



10-Year Capital Program

Total program 2013-2023	\$1.5 billion
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“Bare bones” capital program*	\$1.1 billion
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Proposed Capital program defers projects that were slated for this 10-year time frame:

Vessels: Deferred Capital preservation includes some piping systems, topside painting, passenger space renovations and elevators.

Terminals: Deferred Capital preservation includes some timber trestles and dolphins, terminal building updates and overhead loading improvements.

10-Year Capital Program

Vessel program	\$547 million
Terminal program	\$498
Emergency repairs	<u>\$36</u>
Total capital	\$1,081 million

- Includes completion of two new Olympic class ferries.
- Vital vessel and terminal preservation to remain in safe operation.
- Federally-funded security projects and engine retrofits
- Vehicle Reservations System Phase 2.
- Emergency repair funding for unexpected system failures.

Fuel Costs

- WSF burns over 17 million gallons of fuel each year.
- Fuel is the fastest growing operating expense; over 30 percent of FY11-13, compared to 12% in FY00-01.
- WSF's FY13 fuel budget is \$74.3 million, which is \$58.7 million increase over 13 years ago.

Fuel Initiatives

WSF has embarked on several fuel initiatives:

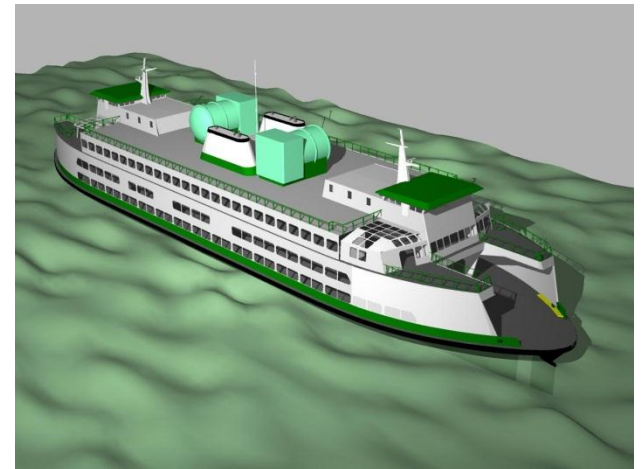
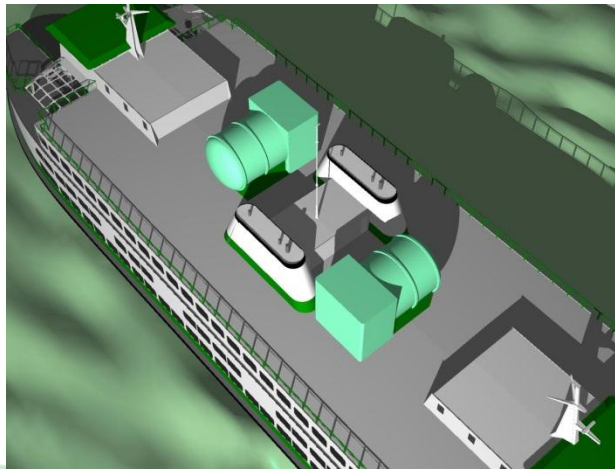
- Slowing vessels down as sailing schedules allow
- Operating fewer than all engines
- Exploring ways of holding vessels in the dock with less power
- Fuel hedging
- Liquefied natural gas
- *Hyak* Hybrid pilot project

Looking Ahead

- Initiatives
- Key Capital Projects

Initiatives

- Evaluating liquefied natural gas to fuel the fleet
- Continuing the vehicle reservations system
- Developing hybrid propulsion system for *Hyak*
- Reporting on performance measures
- Moving forward with the visual paging system



Key Capital Projects

Critical capital projects to maintain ferry service:

- Mukilteo Multimodal Project
Planning to relocate the aging Mukilteo terminal northeast of current location.
- Seattle Multimodal Terminal at Colman Dock
Planning to replace the aging and seismically vulnerable components of Colman Dock.
- Olympic Class Ferries
WSF is building two, 144-car ferries. A third ferry is needed to replace the third 1950s-era Evergreen State Class vessel.



Questions?

For more information about the WSDOT Ferries Division,
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